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Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

October Term 1985

LAW & TECHNOLOGY PRESS,

Petitioner,

vs.

DAVID L. LADD, REGISTER OF COPYRIGHTS,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether 17 U.S.C. § 407, which seeks to compel publishers to provide two free copies of their works to the Library of Congress for its collection, is unconstitutional as not within the powers granted to Congress under Art. I, § 8, cl. 8 of the U.S. Constitution?

2. Whether 17 U.S.C. § 407 is an unconstitutional taking of property without just compensation?

3. Whether 17 U.S.C. § 407, which is arbitrarily enforced by the Library of Congress, is unconstitutional as an abridgement of rights under the first amendment and the equal protection clause?

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OPINION BELOW

The decision of the District Court is unreported. CR 20, 21.[1] The opinion of the Ninth Circuit Court of Appeals is reported at 762 F.2d 809.

JURISDICTION

The judgment in the Ninth Circuit Court of Appeals was entered on June 7, 1985. A timely petition for rehearing was filed and on July 18, 1985, the Court denied the petition. Jurisdiction to review the judgment of the Ninth Circuit Court of Appeals is provided by 28 U.S.C. § 1254(1).

1. "CR" refers to the Clerk's Record in the court below.

STATUTES INVOLVED

U.S. Constitution, Art. I, § 8, cls. 8 and 14, Amend. 1 and 5, and 17 U.S.C. §§ 407, 408 (1982), are set forth in the Appendix.

STATEMENT OF THE CASE

Petitioner, Law & Technology Press ("Press"), is a California corporation engaged in the publication of newsletters on legal and political activities that affect high technology industries. CR 15, at 36. One of its publications is *The Scott Report,* a monthly report on the legal and political activities affecting the computer industry. *Id.*

On October 20, 1982, the Library of Congress sent a printed notice to Press under 17 U.S.C. § 407, in which it demanded that Press forward two copies of each issue of *The Scott Report* published between January-September 1982, to the Library of Congress for its collection at no charge. *Id.* At no time either prior to the date of that notice, nor thereafter, has Press applied for registration of copyright on any of these issues of *The Scott Report.*

The President of Press wrote to the Library expressing the company's position that the mandatory deposit requirement of § 407 was an unconstitutional taking of property under the Fifth Amendment, and suggesting that the Library subscribe to *The Scott Report* like all other recipients. CR 12, Ex. 3.

Press received no response to that letter from the Library or the Copyright Office until a copy of the first amended complaint was served on it by mail in December 1983. CR 4. (Press was not served with the original complaint.) Press answered the amended complaint on December 30, 1983. CR11. Jurisdiction of the trial court was based on 28 U.S.C. § 1345 and 17 U.S.C. § 407.

Respondent immediately filed a motion for summary judgment. CR 12-13. Press' request for an extension of time to conduct discovery was denied,

and the court entered final judgment for Respondent on February 24, 1984. Appeal was taken pursuant to 28 U.S.C. § 1291. The Ninth Circuit affirmed on June 7, 1985, and denied Press' petition for rehearing on July 18, 1985.

ARGUMENT

INTRODUCTION

The questions presented in this petition are questions of first impression before this Court and concern the constitutionality of a provision of the 1976 Copyright Act, which never before existed in U.S. copyright law, and which the Government has never before sought to judicially enforce.

As of December 1983, the Library of Congress has issued some 14,000 demand letters and threats of litigation under § 407 to obtain free materials from publishers with a value of "approximately five million dollars ($5,000,000)." CR 12, at 43. If the opinion of the Ninth Circuit is not reversed, the Library of Congress will undoubtedly increase its use of § 407 demands, and the loss of revenues to publishers will increase accordingly.

I. THIS PETITION ADDRESSES ONLY THE CONSTITUTIONALITY OF THE MANDATORY LIBRARY DEPOSIT PROVISION OF § 407, NOT THE DEPOSIT REQUIREMENT FOR REGISTRATION UNDER § 408.

Because of the confusing nature of the Ninth Circuit's opinion, it is important to clarify one point at the outset of this Petition. Under the 1976 Copyright Act, there are now, for the first time, two separate deposit requirements which serve different purposes.

Under 17 U.S.C. § 408 (which is *not* in issue in this case), anyone choosing to register a work with the Copyright Office and receive the benefits of such registration (e.g., the right to file infringement ac-

tions (§ 411); the right to recover statutory damages (§504(c)(1)) and attorneys' fees (§ 505)) must deposit two copies of the work as part of that registration. Such deposit

> is deemed essential to the making of reliable and informative registration records. The deposit provides proof of the existence of the work and its content at the time of registration, supplies evidence of its registration, supplies evidence of its copyrightability and of compliance with the requirements for copyright protection (such as the copyright notice) and furnishes data needed for an accurate registration record (both as a check against the data given in the application for registration and as a source of other data needed to identify the work and to record facts bearing on the copyright claim). Insofar as the deposits remain available for consultation, they also serve as record evidence of the work covered by the copyright registration.

Dunne, "Deposit of Copyrighted Works", 1 *Studies on Copyright* 411, 444 (A. Fisher mem. ed. 1963).

This *registration* deposit requirement under § 408 is the same basic deposit requirement that has been part of U.S. copyright law since 1790. While the language of the opinion below seems to be directed to the constitutionality of this deposit requirement, § 408 was not, and has never been, at issue in this case.[2]

2. The fact that works deposited under § 408 may also be used by the Library of Congress does not make § 407 and § 408 equivalent. Under *Ruckelshaus v. Monsanto Co.*, 104 S. Ct. 2862 (1984), when a publisher voluntarily submits copies of its works to the Copyright Office in exchange for the benefits of copyright registration under § 408, it cannot complain thereafter if the copies are sent to the Library of Congress for its use. That is far different from what occurs under § 407, when the Library of Congress directly demands the submission of materials unconnected with any benefits to be granted by the Government. *See* § IV below.

This petition involves works which Press never sought to register with the Copyright Office, and never will. Under the 1976 Copyright Act, Congress created an entirely new form of deposit, unrelated to the functioning of the Copyright Office, which is intended solely to provide free materials to the Library of Congress. Section 407 authorizes the Library to demand two free copies of any work published with copyright notice where the publisher does *not* seek to obtain the "benefits of copyright" through registration under § 408.

It is this new and unprecedented *library* deposit requirement that is the subject of this Petition.

II. SECTION 407 IS UNCONSTITUTIONAL AS NOT WITHIN THE POWER GRANTED TO CONGRESS UNDER ART. I, § 8, CL. 8.

The only constitutional basis asserted by Respondent for the Government's authority to enact a mandatory *library* deposit provision under the Copyright Act is Art. I, § 8, cl. 8. Petitioner does *not*, as the court below seems to imply, contend that the Government has *no* power to create a national library. The issue is whether the Government can use the power granted under clause 8 to accomplish that goal, and in doing so can place the burden of stocking the shelves of that library on publishers who have not, and may never, seek the benefits of copyright registration for their works.

A. Congress' Power Under Clause 8 is Specifically Limited, and Does Not Authorize the Library Deposit Requirement.

From the outset, the Constitution has been viewed as creating a national government of vast, but limited, legislative powers that must find their source in the Constitution. "The United States is entirely a creature of the Constitution. Its power and authority have no other source. It can only act in accordance with all the

limitations imposed by the Constitution." *Reid v. Covert,* 354 U.S. 1, 5-6 (1957). Congressional power in the copyright area is derived from Article I, § 8, clause 8, which provides:

> The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Congress is further empowered "To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers." *Id.,* cl. 18. While the "necessary and proper" clause has been broadly construed, it is not a blank check for any and every congressional action. *Chadha v. INS,* 634 F.2d 408, 433 (9th Cir. 1980).

It is important to recognize that Clause 8 is fundamentally different than the other clauses of Article I, § 8. Clause 8 specifically tells Congress how it must exercise the granted power. It does not say that Congress must promote the progress of science and useful arts at all, but if Congress decides to do so, it can do so under the power granted in clause 8 only by securing for a limited time the exclusive right to authors' and inventors' respective writings and discoveries.

> Article I, section 8, eighth clause, of the Constitution, . . . , does no more than grant power to Congress to secure certain rights to authors and inventors insofar as it elects to do so.

In re Cooper, 254 F.2d 611, 616 (C.C.P.A. 1958), *cert. denied,* 358 U.S. 840 (1958).

The Court below summarily rejected this contention, and held that the library deposit requirement was necessary and proper on two grounds. 762 F.2d at 812. The first ground was that "the primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors." *Id.* This is not an accurate statement of

the law. While it is true that the ultimate goal of copyright is to benefit the public, the purpose of copyright is to encourage the creation and dissemination of works of authorship to achieve that goal.

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights in the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors
>
> . . . .

Mazer v. Stein, 347 U.S. 201, 219 (1954).

The Court's attention is invited to an article by Respondent, David Ladd, entitled "The Harm of the Concept of Harm in Copyright," 30 *J. Copyright Soc'y* 421, 425-27 (1983), in which he discusses in detail the importance of protecting the property rights in author's works from interference by the govern ment. Contrary to the opinion below, Respondent concedes that "[t]he purpose of copyright is to reward authors as a matter of justice . . . ." *id.* at 427.

The second basis given by the appellate court for holding the library deposit necessary and proper is that "long-established principles of constitutional construction make clear that the lack of express constitutional authority for the deposit requirement does not preclude its validity and that the necessary and proper clause should be liberally construed." 762 F.2d at 812. What this statement fails to recognize is that there is not simply a "lack of express constitutional authority" for the deposit requirement, the language of clause 8 is an express constitutional *prohibition* on Congress doing more than "securing for authors for limited times the exclusive rights to their writings" in its promotion of science and useful arts.

Where, as here, the language of the Constitution is clear, there is no basis for ignoring a specific limitation on congressional power. In effect, the Ninth Circuit simply deleted the "by securing" limitation, and held that

whatever is necessary and proper to "promoting the progress of science and useful arts" is constitutionally authorized.

That the "by securing" phrase is a limitation on the first part of clause 8 can be clearly shown by a simply example. If one says, "John is authorized to go to Chicago," John can go to Chicago by any means he chooses. If, however, one says that "John is authorized to go to Chicago by train," John's authority is strictly circumscribed by the phrase "by train." He may no longer use any means to reach the goal of getting to Chicago, but can only travel by train. The fact that John may also be authorized to do any acts which are necessary and proper to carrying out the "foregoing power" granted to him does not permit him to ignore the limitation that he may go only by train, and choose instead to go by bus or plane. The "necessary and proper" authorization must be read in conjunction with the express limitation in the power granted to John, namely, his use of train travel only.

The Ninth Circuit apparently believed either that the "by securing" clause was irrelevant, or that the necessary and proper clause in some way neutralized the effect of the "by securing" clause. Either interpretation is erroneous as a matter of law.

B. The Legislative History of Clause 8, Though Meager, Supports Press' Interpretation.

The copyright clause has perhaps the least amount of legislative history of any clause in the Constitution. The information that is available, however, supports Press' position that clause 8 was not intended as a blank check for any congressional action to promote science and the useful arts, but that it intentionally limited Congress only to laws necessary and proper to securing for authors for limited times the exclusive rights to their writings. *See, e.g.*, Fenning, *The Origin of the Patent and Copyright Clause of the Constitution,* 17 Geo. L.J. 109 (1929); L. Patterson,

Copyright in Historical Perspective 192-97 (1968); Abrams, *The Historical Foundations of American Copyright Law,* 29 Wayne L. Rev. 1119, 1171-78 (1983).

"Copyright in colonial America followed the English pattern of a monopoly on printing, based on censorship and royal prerogative." Abrams, *supra,* at 1171. After declaring independence, on May 2, 1783, Congress adopted the following resolution:

> Resolved, that it be recommended to the several States to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their executors, administrators, and assigns, the copy right of such books for a certain time not less than fourteen years from the first publication ... such copy or exclusive right of printing, publishing and vending the same, to be secured to the original authors, or publishers, their executors, administrators, and assigns, by such laws and under such restrictions as to the several States may seem proper.

Resolution of May 2, 1783, *reprinted in* Abrams, *supra,* at 1173. Before the Constitution Convention convened, twelve of the thirteen colonies had statutes securing copyright to authors. *Id.*

On August 18, 1787, James Madison and Charles Pinckney each submitted lists of powers to be added to the Constitution. Patterson, *supra,* at 192. On Madison's list was the power "To secure to literary authors their copyrights for a limited time; ...." *Quoted id.* Pinckney's list included the power "To secure to authors exclusive rights for a limited time." *Quoted id; see also* Fenning, *supra,* at 112-13. Both proposals were unanimously "referred to the committee of detail." Patterson, *supra,* at 193.

On September 5, 1787, that committee submitted a report, which included the language of clause 8. The provision was approved without debate. *Id.*

The only reference to clause 8 in the *Federalist Papers* is in No. 43, where Madison writes:

> The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged in Great Britain to be a right at Common Law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provision for either of the cases, and most of them have anticipated the decision of this point by laws passed at the instance of Congress.

The proposals of Madison and Pinckney, as well as the existing state copyright statutes, uniformly spoke of copyright as being the power "to secure to authors for limited times the exclusive right to their writings." That was the right adopted as clause 8.

Having recently thrown off the yoke of a government which used copyright for censorship and monopoly, rather than encouragement of creative efforts, it is doubtful that the Founding Fathers would have turned around and given the new government a constitutional "blank check" to promote science and useful arts by any means it chose. Instead, consistent with the general suspicion of government that existed at that time, clause 8 should be seen as only a limited grant of power for a specified purpose--" to secure to authors for a limited time the exclusive rights to their writings."

III. THE MANDATORY LIBRARY DEPOSIT REQUIREMENT IS AN UNCONSTITUTIONAL TAKING OF PROPERTY WITHOUT JUST COMPENSATION.

The court below agreed that the library deposit requirement involves "materials [that] are private property and that deposit with the Library is for a public use." 762 F.2d at 813. The court, however, accepted

Respondent's contention that the deposit is not compensable taking under the fifth amendment, but "is a condition which Congress may legitimately attach to the grant of a benefit. By voluntarily choosing to avail itself of the benefit, Press has accepted the condition of deposit." *Id.* The court's conclusion is incorrect both factually and legally.

A. The Court Confuses Copyright with the "Benefits of Copyright."

The court below makes a fundamental error when it confuses copyright itself with the "benefits of copyright." Under the 1976 Copyright Act, once an original "work of authorship" is created, i.e., "fixed in a tangible medium of expression," copyright attaches. 17 U.S.C. § 102.

> Under the new statute, copyright will attach automatically upon the creation of the work, that is, when it is first fixed in a tangible and visually perceivable form. That is how copyright will be acquired.... This is a very basic and fundamental change in the new law which is not widely recognized.
>
> "***When the work is created,... copyright exists and it exists in essence whether you want it or not.

Baumgarten, "Role of the Copyright Office in the New Copyright Act," *The Copyright Dilemma* 29 (H. White ed. 1978)(at the time of this article, the author was General Counsel of the Copyright Office).

Press did not, as the court below stated, "voluntarily choos[e] to avail itself of copyright" (762 F.2d at 813); copyright attached automatically to its works as soon as they were "fixed" on paper—whether Press wanted the copyright or not. Indeed, if the appellate court meant that fixation alone could trigger the mandatory deposit, then every printed work protected by the first amendment could be demanded by the Government under penalty of a stiff fine—a condition that this Court would

certainly find to be an unconstitutional tax on the exercise of first amendment rights. *Minneapolis Star & Tribune v. Minnesota Comm'r of Revenue,* 460 U.S. 575 (1983).

What the court was apparently saying was that by publishing the works with notice, Press voluntarily chose to avail itself of the "benefits of copyright," and cannot now complain about being compelled to make the free deposit. This analysis, however, is equally erroneous. Publication of a new work, either with or without notice, does not confer any "benefits of copyright" on it.[3] No benefits accrue uniess and until the work is registered under § 408. This fact was reiterated recently by the Copyright Office in a "Notice of Inquiry" regarding the deposit of computer data bases.

> Copyright ordinarily subsists in the contents of a database either as a compilation or as some other work of authorship. *In order for a database to have any meaningful copyright protection, however, the author must register the work.* Under the Copyright Act of 1976, Title 17 of the United States Code [Act], registration serves several essential functions: It is a prerequisite to suit, 17 U.S.C. 411(a); if the registration is made before publication or within five years of first publication, the certificate of registration is prima facie evidence of the facts it states and of the validity of the copyright, 17 U.S.C. 410(c); and by registering the work within three months after publication, the copyright owner preserves the right to claim statutory damages and discretionary counsel fees. 17 U.S.C. 412.

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3. Indeed, under the current law a copyright owner can publish a work without notice, thereby avoiding the mandatory deposit requirement, and later still receive the benefits of copyright registration by complying with 17 U.S.C. § 405. *See* H. Rep. No. 1476, 94th Cong., 2d Sess. 1976, at 47; O'Neill Devs., Inc. v. Galen Kilburn, Inc., 524 F. Supp. 710, 713-15 (N.D. Ga. 1981).

Inquiry Concerning Registration and Deposit of Databases, 50 Fed. Reg. 24240 (June 10, 1985) (emphasis added).

As such, the Ninth Circuit's contention that Press received some "benefits of copyright," which justify the compelled deposit of private property without compensation, was plainly erroneous.

B. The Court Misconstrued the Holding in Ruckelshaus v. Monsanto Co.

There could be no "statutory benefits of copyright" conferred on Press prior to registration, and no registration occurred. As such, the court's reliance on *Ruckelshaus v. Monsanto Co.*, 104 S. Ct. 2862 (1984) is misplaced. Indeed, the opinion in that case, rather than supporting Respondent's position, supports Press' position that the mandatory deposit is a taking for which just compensation is required.

The starting point for an anlysis of *Monsanto* is with the quotation from that case set forth in the opinion below:

> [A]s long as Monsanto is aware of the conditions under which the data are submitted, and the conditions are rationally related to a legitimate government interest, a *voluntary* submission of data by an applicant in exchange for the economic advantages of a registration can hardly be called a taking.

762 F.2d at 2876 (emphasis added.)

In *Monsanto*, Monsanto had *voluntarily* submitted its property (certain proprietary information) to the Government in connection with registration of its pesticides, and then complained about the uses made of the property after its voluntary submission. While the decision in *Monsanto* would validAte the transfer of materiais voluntarily deposited under § 408 to the Library of Congress (*see* footnote 2 *supra*), it does not support the position of the Ninth Circuit that a *compelled* deposit under § 407 is permissible.

Following the above quotation in the *Monsanto* opinion, this Court cited two cases in support of that conclusion. 104 S. Ct. at 2876. The rationale in one of those cases, *Westinghouse Elec. Corp. v. United States Nuclear Regulatory Comm'n*, 555 F.2d 82 (3d Cir. 1977), is particularly relevant to the present controversy.

In *Westinghouse*, the company claimed that NRC regulations permitting disclosure of proprietary data voluntarily submitted by those seeking a license to operate a nuclear reactor constituted a compensable taking. Holding that no taking occurred, the court said:

> A voluntary submission of information by an applicant seeking economic advantages of a license can hardly be called a taking. And a voluntary submission of information by a private enterprise in a rulemaking proceeding is not likely in the absence of hope of similar economic advantage. The only instance in which a taking of proprietary information might occur is the involuntary use of proprietary information in a rulemaking proceeding (or perhaps as a witness in a licensing or adjudicatory proceeding) pursuant to compulsory process.

Id. at 95. At the bottom of that page, in footnote 63, the court continued:

> The NRC brief asserts a broad governmental power to destroy private property for overridding interests of national security, citing *United States v. Caltex*, 344 U.S. 149, 154, 73 S. Ct. 200, 97 L.Ed. 157 (1952). We do not rely on *Caltex*. Whether that extreme assertion of sovereign power in a democracy has outlived the peculiar times in which it was written need not concern us. If, in a judicial proceeding to enforce disclosure of proprietary information, a court should order disclosure, the more apt precedent than *Caltex* we suspect will be the *Regional Rail Reorganization Act Cases*, 419 U.S.

102, 95 S. Ct. 335, 42 L.Ed. 320 (1974), which recognize a federal government obligation to pay appropriate compensation and a Tucker Act remedy.

There is nothing voluntary about the deposit required by § 407. Indeed, the only reason the Government brought this case is that Press refused to "voluntarily" make a deposit after demand. This is as much a case of compulsory disclosure as that discussed in *Westinghouse*.

If a publisher does not make the deposit after demand, § 407 permits the Government to bring *repeated* actions until it makes the deposits, collecting penalties for each refusal. Section 407(d)(3) further permits an additional $2,500 penalty per work for repeated refusals. In effect, the Government has the right to penalize a publisher until it either complies or is forced out of business.[4] This certainly creates a situation as compulsory in nature as a court-ordered disclosure.

Press agrees with the court below that the *Monsanto* decision is applicable to this case. However, instead of supporting the Government's position, the *Monsanto* case supports Press' claim that § 407 is unconstitutional.

C. The Court Erred in Finding the James and Belknap Decisions Distinguishable.

There is another form of property right that is being taken from Press through the mandatory deposit pro-

4. Evidence in the trial court indicated that Press had 135 subscribers to *The Scott Report* at the time of the demand. CR 15, at 36. At $147 per subscriber, Press had gross revenues of $1,653.75 per issue. If Press did not voluntarily deposit the demanded works, the Government could file another action to compel deposit of the exact same works. In any such proceeding, Press would have only two choices—make the deposit or go out of business, since the $2,500 penalty provided in § 407 for repeated refusals to deposit far exceeds the gross revenues Press received for each issue.

vision of § 407, and that is the "exclusive right of distribution" of its works under 17 U.S.C. § 106.

Section 407, in effect, says that the exclusive right of a copyright owner over distribution of its works is exclusive *except for the Government*, which can demand that copies be distributed to the Library of Congress, whether or not the copyright owner wishes to do so. While the validity of such an intrusion on the exclusive rights of a copyright owner has not heretofore been addressed by this Court, the validity of a similar intrusion on the exclusive rights of a patent owner has been addressed. *James v. Campbell*, 104 U.S. 356 (1881); *Belknap v. Schild*, 161 U.S. 10 (1896).

In both *James* and *Belknap*, the Government intruded on the patent owner's exclusive right to use his invention.[5] Holding that the Government could not "take" this exclusive property right of a patentee without just compensation, this Court said:

> It should be premised that our law differs from that of England as to the right of the government to use, without compensation, an invention for which it has granted letters patent.
>
> In England, the grant of a patent for an invention is considered as simply an exercise of the royal prerogative, and not to be construed as precluding the Crown from using the invention at its pleasure; and therefore a petition of right cannot be maintained against the Crown for using a patented invention; .... But in this country, letters patent for inventions are not granted in the exercise of prerogative, or as a matter of favor, but under art. I, sec. 8, of the Constitution, which gives Congress power "to promote the progress of science and useful arts, by securing for limited terms to authors and inventors the exclusive right to their respective writings and discoveries." The Patent Act provides

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5. The exclusive right of a patent owner to use his invention currently set forth at 35 U.S.C. § 271 (1982).

> that every patent shall contain a grant to the patentee, his heirs and assigns, for a certain number of years, of "the exclusive right to make, use and vend the invention or discovery throughout the United States." Rev. Stats. § 4884. And this court has repeatedly and uniformly declared that the United States have no more right than any private person to use a patented invention without a license of the patentee or making compensation to him.

Belknap, supra, 161 U.S. at 15-16. *See also Leesona Corp. v. United States,* 599 F.2d 958, 964 (Ct. Cl. 1979). This analysis also applies to the exclusive rights of a copyright owner. *James, supra,* 104 U.S. at 358 (cited below at 762 F.2d 814-15).

The *James-Belknap* cases hold that the phrase "exclusive rights" in art. 1, § 8, cl. 8 means just that—"exclusive." It does not mean "exclusive, except for the federal government." As such, a copyright owner's exclusive right of distribution under § 106 cannot be "taken" by the Government without just compensation.

The court below attempts to distinguish the *James-Belknap* line of authority on two grounds. 762 F.2d at 815. First, it states "in none of these cases did the government act pursuant to any statutory scheme making government use a condition of patentability." While true, this is irrelevant. The opinion in *Belknap* states that the Government is *constitutionally* prohibited from interfering with the exclusive rights of a patentee. The Government could not overcome this prohibition simply by passing a law which conditioned the granting of a patent on such use. That is precisely what this Court's discussion of the "royal prerogative" was all about.

Second, the court states that "the government [in *James-Belknap]* was not acting as a sovereign to further the public welfare by promoting arts and sciences; instead it appropriated the patented device for a proprietary purpose." *Id.* This is also irrelevant. It is the

Government's interference with the exclusive rights of an author/patentee that is condemned, not the beneficial purpose that might result from that interference.

Further, the fact that a copyrighted work is sought for use by the public, rather than by the Government, does not transform § 407 into a permissible taking. Where the Government takes property from one person for the benefit of another, just compensation is still required. *See Berman v. Parker,* 348 U.S. 26 (1954).

IV. THE LIBRARY DEPOSIT REQUIREMENT, WHICH IS ARBITRARILY ENFORCED BY THE LIBRARY OF CONGRESS, IS AN UNCONSTITUTIONAL ABRIDGEMENT OF FIRST AMENDMENT RIGHTS.

In *Minneapolis Star & Tribune v. Minnesota Comm'r of Revenue,* 460 U.S. 575 (1983), this Court upheld a First Amendment challenge to a tax on the paper and ink used in newspaper production. Acknowledging that publishers can be subject to "generally applicable economic regulations" without violating the First Amendment, the tax in question was ruled impermissible since "Minnesota. . . has created a special tax that applies only to certain publications protected by the First Amendment." *Id.* at 584.

In this case, the situation is virtually identical. The burden of providing free copies to the Library of Congress applies only to certain publications protected by the First Amendment, namely those "fixed in a tangible medium of expression" and published with a copyright notice. The deposit requirement is an obvious financial burden on publishers, particularly small publishers like Press, and should be held unconstitutional under the rationale of *Star.*

The court below attempted to distinguish the present case from *Star* on two grounds:

1. "Press ignores the fact that the deposit requirement does not burden the first

amendment concerns of expression and dissemination of ideas." 762 F.2d at 815.

2. "Deposit is not triggered by the publication of ideas. It comes into play only if the publisher voluntarily seeks the statutory benefit of copyright." *Id.*

Neither of these grounds supports the Ninth Circuit's conclusion that the *Star* case is inapplicable.

First, the *library* deposit requirement of § 407 clearly burdens a publisher who incurs the additional costs of printing, handling, packing and delivery of the demanded works to the Library, as well as the loss of revenues that would otherwise be earned from the lost sales. Indeed, as noted above (*see* Introduction), the Government has already received over $5,000,000 worth of materials from publishers under the deposit requirement.

It was inappropriate for the appellate court to weigh the relative burdens of different fees/taxes where first amendment rights are concerned. As Respondent, David Ladd, said in an article published during the pendancy of this case:

> [W]ithin the last month, the Supreme Court struck down a tax on ink and newsprint, not because it constrained any particular utterance but because, in burdening vehicle of authorship, the tax trespassed, *however slightly,* on First Amendment terrain. When the government seeks to promote its own ends at authors' and publishers' expense... the government at least influences and conditions, if not controls, speech and expression, no less proximately than in the *Minneapolis Star* case.

Ladd, "The Harm of the Concept of Harm in Copyright," 30 *J. Copyright Soc'y* 421, 430 (1983)(emphasis added). The library deposit requirement clearly burdens the "vehicle of authorship" as directly as the tax in *Star.*

The second basis of the court's holding below is that the burden of deposit "comes into play only if the

publisher voluntarily seeks the statutory benefit of copyright." As already discussed, this statement illustrates the court's confusion over the basic tenets of current copyright law. Copyright attaches to *any* work as soon as it is fixed (§ 102); however, the "statutory benefits of copyright' do not accrue until the work is registered (§ 408), which never occurred in this case.

The court's confusion on this pivotal point is highlighted by its statement in footnote 5 (page 815), that "while the first amendment does not protect the right to copyright, the *act of copyrighting* is not a waiver of first amendment rights." (emphasis added). Under the 1976 Copyright Act, there is no longer any "act of copyrighting," as the court erroneously believed.

> Technically, after January 1, 1978, it will be entirely inappropriate to speak about copyrighting a work or securing a copyright in a work. When the work is created, that fixed copyright exists and it exists in essence whether you want it or not. The question under the new law will not be how to acquire a copyright but how to avoid losing it.

Baumgarten, "Role of the Copyright Office in the New Copyright Act," in The Copyright Dilemma 29 (H. White ed. 1978)(at the time of this article, the author was General Counsel for the Copyright Office).

This case presents an even more egregious situation than *Star,* since the burden of deposit is not applied to all works published, with notice, but only to those works whose content the librarians determine are "needed for the Library of Congress collections." CR 12 (Mulgaokar Aff. ¶ 1). Demands are sent at the whim of the librarians.

> Individual Acquisition Librarians within the section specialize in various types of works .... They send demands to acquire specific copyrighted works that have been requested by other Library recommending officers and subject specialists, and also identifying other works ... which they consider vital to the Library's collections ....

Id. ¶ 4. Even where a demand is made, if the publisher does not deposit the work, the Library often *buys* the works at full retail price, rather than taking any further action under § 407, CR 19, at 22. Some publishers are not just ignored, but *rewarded,* for their non-compliance with § 407, again, at the whim of librarians.

There are apparently no guidelines for when to buy versus when to demand deposit. Where first amendment values are concerned, this Court has consistently held that there must be definite standards for enforcement. *See, e.g., Hannegan v. Esquire, Inc.,* 327 U.S. 146 (1946). There are *no* standards for the application of § 407.

Further, the affidavits submitted by Respondent indicate that the Library demands free copies of works only if their *content* is approved. CR 12 (Mulgaokar Aff. ¶ 1). The unfettered discretion of the librarians, plus the fact that enforcement of the statute is based on the content of the work, renders § 407 unconstitutional. *Cox v. Louisiana,* 379 U.S. 536 (1965).

CONCLUSION

For the foregoing reasons, Petitioner requests that this court grant certiorari to address the substantial questions presented by this petition.

Respectfully submitted,

Michael D. Scott

October 11, 1985

APPENDIX

A. Constitutional Provisions

Article I, § 8, cl. 8:

> The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Article I, § 8, cl. 18:

> The Congress shall have Power . . . To make all Laws which shall be necessary and proper for carrying into execution the foregoing Powers.

First Amendment

> Congress shall make no law . . . abridging the freedom of speech, or of the press.

Fifth Amendment

> . . . nor shall private property be taken for public use, without just compensation.

B. Statutes

17 U.S.C.§ 407 (1982). Deposit of copies or phonorecords for Library of Congress.

(a) Except as provided by subsection (c), and subject to the provisions of subsection (e), the owner of copyright or of the exclusive right of publication in a work published with notice of copyright in the United States shall deposit, within three months after the date of such publication—

(1) two complete copies of the best edition; or

(2) if the work is a sound recording, two complete phonorecords of the best edition, together with any printed or other visually perceptible material published with such phonorecords.

Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection.

(b) The required copies or phonorecords shall be deposited in the Copyright Office for the use or disposition of the Library of Congress. The Register of Copyrights shall, when requested by the depositor and upon payment of the fee prescribed by section 708, issue a receipt for the deposit.

(c) The Register of Copyrights may by regulation exempt any categories of material from the deposit requirements of this section, or require deposit of only one copy or phonorecord with respect to any categories. Such regulations shall provide either for complete exemption from the deposit requirements of this section, or for alternative forms of deposit aimed at providing a satisfactory archival record of a work without imposing practical or financial hardships on the depositor, where the individual author is the owner of copyright in a pictorial, graphic, or sculptural work and (i) less than five copies of the work have been published, or (ii) the work has been published in a limited edition consisting of numbered copies, the monetary value of which would make the mandatory deposit of two copies of the best edition of the work burdensome, unfair, or unreasonable.

(d) At any time after publication of a work as provided by subsection (a), the Register of Copyrights may make written demand for the required deposit on any of the persons obligated to make the deposit under subsection (a). Unless deposit is made within three months after the demand is received, the person or persons on whom the demand was made are liable—

(1) to a fine of not more than $250 for each work; and

(2) to pay into a specially designated fund in the Library of Congress the total retail price of the copies or phonorecords demanded, or, if no retail price has been fixed, the reasonable cost of the

Library of Congress of acquiring them; and

(3) to pay a fine of $2,500, in addition to any fine or liability imposed under clauses (1) and (2), if such person willfully or repeatedly fails or refuses to comply with such a demand.

(e) With respect to transmission programs that have been fixed and transmitted to the public in the United States but have not been published, the Register of Copyrights shall, after consulting with the Librarian of Congress and other interested organizations and officials, establish regulations governing the acquisition, through deposit or otherwise, of copies or phonorecords of such programs for the collections of the Library of Congress.

(1) The Librarian of Congress shall be permitted, under the standards and conditions set forth in such regulations, to make a fixation of a transmission program directly from a transmission to the public, and to reproduce one copy or phonorecord from such fixation for archival purposes.

(2) Such regulations shall also provide standards and procedures by which the Register of Copyrights may make written demand, upon the owner of the right of transmission in the United States, for the deposit of a copy or phonorecord of a specific transmission program. Such deposit may, at the option of the owner of the right of transmission in the United States, be accomplished by gift, by loan for purposes of reproduction or by sale at a price not to exceed the cost of reproducing and supplying the copy or phonorecord. The regulations established under this clause shall provide reasonable periods of not less than three months for compliance with a demand, and shall allow for extensions of such periods and adjustments in the scope of the demand or the methods for fulfilling it, as reasonably warranted by the circumstances. Willful failure or refusal to comply with the conditions prescribed by such regulations shall

subject the owner of the right of transmission in the United States to liability for an amount, not to exceed the cost of reproducing and supplying the copy or phonorecord in question, to be paid into a specially designated fund in the Library of Congress.

(3) Nothing in this subsection shall be construed to require the making or retention, for purposes of deposit, of any copy or phonorecord of an unpublished transmission program, the transmission of which occurs before the receipt of a specific written demand as provided by clause (2).

(4) No activity undertaken in compliance with regulations prescribed under clauses (1) and (2) of this subsection shall result in liability if intended solely to assist in the acquisition of copies or phonorecords under this subsection.

17 U.S.C. § 408 (1982). Copyright registration in general.

(a) Registration Permissive.—At any time during the subsistence of copyright in any published or unpublished work, the owner of copyright or of any exclusive right in the work may obtain registration of the copyright claim by delivering to the Copyright Office the deposit specified by this section, together with the application and fee specified by sections 409 and 708. Subject to the provisions of section 405(a), such registration is not a condition of copyright protection.

(b) Deposit for Copyright Registration.—Except as provided by subsection (c), the material deposited for registration shall include—

(1) in the case of an unpublished work, one complete copy or phonorecord;

(2) in the case of the published work, two complete copies or phonorecords of the best edition;

(3) in the case of a work first published outside

the United States, one complete copy or phonorecord as so published;

(4) in the case of a contribution to a collective work, one complete copy or phonorecord of the best edition of the collective work.

Copies or phonorecords deposited for the Library of Congress under section 407 may be used to satisfy the deposit provisions of this section, if they are accompanied by the prescribed application and fee, and by any additional identifying material that the Register may, by regulation, require. The Register shall also prescribe regulations establishing requirements under which copies or phonorecords acquired for the Library of Congress under subsection (e) of section 407, otherwise than by deposit, may be used to satisfy the deposit provisions of this section.

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

DAVID L. LADD,
Register of Copyrights,

Plaintiff-Counterdefendant-Appelle,

v.

LAW & TECHNOLOGY PRESS,

Defendant-Counterclaimant-Appellant.

No. 84-5847
D.C. No. CV 83-6855-TJH (Tx)

OPINION

On appeal from the United States District Court
for the Central District of California
Hon. Terry J. Hatter, District Judge, presiding

Argued and submitted
February 6, 1985, Pasadena, California

Before: BOOCHEVER and BEEZER, Circuit Judges, and CARROLL,* District Judge.

BOOCHEVER, Circuit Judge:

Law & Technology Press (Press) refused to deposit two copies of its publication with the Library of Congress as is required by the copyright law. Press claims that the deposit requirement is an unconstitutional burden on the press under the first amendment. Press also contends that the trial court abused its discretion by granting summary judgment for the government without permitting Press discovery. We conclude that there were no genuine issues of material fact, nor were there additional facts to be elicited which could have altered the outcome of the case. The grant of summary judgment without discovery was therefore proper. The deposit requirement is not an unconstitutional taking because it validly conditions the enjoyment of copyright, although failure to make the deposit does not subject the copyright to forfeiture. Moreover, the deposit requirement as a condition for the voluntarily sought benefit of copyright does not burden the expression or dissemination of ideas, and does not implicate first amendment rights. We therefore affirm.

Press is a California corporation which owns the copyright in the periodical *The Scott Report.* Press published nine issues of *The Scott Report,* each with copyright notice, in 1982. Under 17 U.S.C. § 407 (1982), Press was required to deposit two copies of each issue with the Copyright Office for the Library of Congress,[1] but did not do so. Pursuant to section 407, appellee Ladd, the Register of Copyrights, sent a demand notice to Press seeking deposit of the copyrighted issues of *The Scott Report.* Press refused to comply on the ground that section 407 was unconstitutional, and suggested that if the Library wanted *The Scott Report,* it become a paid

1. The relevant copyright deposit provisions are as follows:
   § 407. Deposit of copies or phonorecords for Library of Congress. [Text Omitted.]
   § 408. Copyright registration in general [Text Omitted.]

subscriber. Ladd subsequently initiated this suit to recover the statutory penalties for failure to deposit: a $250 fine for each issue not deposited, and the retail price of the two copies of each issue. Press answered, admitting its failure to deposit, asserting the statute's unconstitutionality as a defense, contending that the government impermissibly had selected it for prosecution because of its vocal opposition to the law, and counterclaiming for a declaratory judgment of unconstitutionality and an injunction forbidding the enforcement of the law against Press.

Ladd filed a motion for summary judgment three and one-half weeks after Press answered the complaint. In its opposition to the motion, Press asked the court for a continuance during which Press could conduct discovery on factual issues raised in the motion. Without permitting discovery, the district court granted summary judgment for Ladd on all claims and counterclaims. On appeal, Press has not raised the selective prosecution issue.

I. LACK OF DISCOVERY

We review the district court's decisions on discovery before summary judgment for abuse of discretion. *See Portland Retail Druggists Association v. Kaiser Foundation Health Plan, 662 F.2d 641, 646 (9th Cir. 1981); Program Engineering, Inc. v. Triangle Publications, Inc.*, 634 F.2d 1188, 1193 (9th Cir. 1980). The party opposing summary judgment must have an opportunity to respond to the motion, which includes time for discovery of facts essential to its opposition. *Portland Retail,* 662 F.2d at 645. However, appellant had the burden of showing the trial court what facts it hoped to discover which would raise issues of material fact. *Taylor v. Sentry Life Insurance Co.*, 729 F.2d 652, 656 (9th Cir. 1984)(per curiam).

Press failed to meet this burden. In its opposition to summary judgment, Press did not identify any specific facts that it hoped to discover, merely stating

that it wished to take discovery on "the issues raised in these papers." Of the nineteen items listed in Press' Statement of Genuine Issues of Material Fact, nine are issues of law rather than fact. Seven relate to just compensation for the deposit of the copyrighted works. Compensation was not a material issue due to the district court's decision that there was no taking as a matter of law. The remaining three items relate to Press' claim of selective prosecution. Because Press has abandoned this issue on appeal, lack of discovery on the issue is irrelevant at this point.

II. SUMMARY JUDGMENT

Summary judgment is proper if there is no genuine issue of material fact and the moving party should prevail as a matter of law. Fed. R. Civ. P. 56(c); *Gould v. Mutual Life Insurance Co.*, 735 F.2d 1165, 1166 (9th Cir. 1984). Review of a summary judgment is de novo. *Taylor,* 729 F.2d at 654. As Press is unable to point to any genuine issue of triable fact, we proceed to review of the district court's conclusions of law.

A. Is the Deposit Requirement Necessary and Proper?

All versions of the Copyright Act have been enacted pursuant to the power granted Congress by article I, section 8, clause 8 of the Constitution: "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." In carrying out the Copyright Clause, Congress can make "all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers." U.S. Const. art. I, § 8, cl. 18.

Press argues that the library deposit requirement is not necessary and proper to carry out the Copyright Clause and is invalid. Press contends that the Copyright Clause gives Congress the power to advance the arts and sciences *only* by granting copyrights and patents. However, Press cites no authority for this

proposition.[2] While no case has directly addressed whether the library deposit is necessary and proper to the Copyright Clause, there is abundant authority that the primary purpose of the clause is to promote the arts and sciences for the public good, not to grant an economic benefit to authors and inventors. *E.g., Sony Corp. of America v. Universal City Studios, Inc.*, 104 S. Ct. 774, 782 (1984); *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 576-77 (1977); *Schnapper v. Foley*, 667 F.2d 102, 111 (D.C. Cir. 1981)(quoting 1 M. Nimmer, *Nimmer on Copyright* § 1.03 [B](1981), to the effect that the first phrase of the Copyright Clause expands rather than limits congressional authority in the area), *cert. denied*, 455 U.S. 948 (1982); *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 543-44 (2d Cir.), *cert. denied*, 379 U.S. 822 (1964). Moreover, long-established principles of constitutional construction make clear that the lack of express constitutional authority for the deposit requirement does not preclude its validity and that the necessary and proper clause should be liberally construed. *See The Legal Tender Cases*, 79 U.S. (12 Wall.) 457, 533-39 (1872)(in construing range of "necessary and proper" clause, look to purposes of enumerated powers, not solely to express words of powers); *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 404-21 (1819)(mandating an expansive construction of the "necessary and proper" clause as essential to the functioning of a national government). Thus, a provision of the Copyright Act which sustains a national library for the public use is

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2. Press does quote *In re Cooper*, 254 F.2d 611, 616 (C.C.P.A.), *cert. denied*, 358 U.S. 840 (1958), as authority for this limiting construction of the Copyright Clause: "Article I, Section 8, eighth clause, of the Constitution, . . . does no more than grant power to Congress to secure certain rights to authors and inventors insofar as it elects to do so." Read in context, however, the *Cooper* language quoted does not state a limit on Congress' power, but states that the Copyright Clause conveys no rights to authors or inventors unless Congress elects to execute the clause. *Id.* at 616-17.

necessary and proper. We further note that the Supreme Court, albeit in passing, has recognized without questioning its constitutionality that the deposit requirement's purpose is to enforce contributions of desirable books to the Library of Congress. *See Washingtonian Publishing Co. v. Pearson,* 306 U.S. 30, 41 (1939)(delay in copyright deposit and registration does not invalidate copyright); *see also National Conference of Bar Examiners v. Multistate Legal Studies, Inc.,* 692 F.2d 478, 485-86 (7th Cir. 1982)(copyright regulation allowing deposit of excised portion of testing materials valid), *cert. denied,* 104 S. Ct. 69 (1983).

B. Fifth Amendment Issues

The first copyright act, Act of May 31, 1790, ch. 15, § 3, 1 Stat. 124, 125, contained a deposit clause which the Supreme Court held a constitutional condition of copyright. *Wheaton v. Peters,* 33 U.S. (8 Pet.) 591, 663-66 (1834)(Congress created copyright and may condition those rights upon deposit). However, that deposit was with the copyright office for administrative purposes relating to the grant of copyright. In 1846, Congress changed the deposit requirement, directing that one copy of each copyrighted work be deposited in the Smithsonian Institution and the Library of Congress.[3] Act of Aug. 10,1846, ch. 178, § 10, 9 Stat. 102, 106. As the Supreme Court stated in *Washingtonian,* the purpose of this deposit requirement, of which section 407 is the current version, is not proof or preservation of copyright but the acquisition of books for the Library. *Washingtonian,* 306 U.S. at 41. Until 1976, failure to deposit with the Library of Congress resulted in a forfeiture of copyright. Congress changed the deposit enforcement provisions because

> [a] realistic fine, coupled with the increased inducements for voluntary registration and deposit

3. The Library of Congress was first established in 1802, Act of Jan. 26, 1802, ch. 2, 2 Stat. 128, but at that time did not obtain any materials through the copyright provisions.

> under other sections of the bill, seems likely to produce a more effective deposit system than the present one. The bill's approach will also avoid the danger that, under a divisible copyright, one copyright owner's rights could be destroyed by another owner's failure to deposit.[4]

H.R. Rep. No. 1476, 94th Cong., 2d Sess. 150, *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659, 5766. Under the 1976 revision of copyright law, therefore, deposit is still required, but failure to deposit results not in forfeiture but in fines in the amount of the cost to the library of obtaining the work plus penalties.

Press argues that the requirement that a copyright owner give two copies of his work to the Library of Congress is a taking of private property for public use without just compensation and violates the fifth amendment. There is no question but that the materials are private property and that deposit with the Library is for a public use. Ladd argues, however, that the deposit rule is not a taking. Rather, it is a condition which Congress may legitimately attach to the grant of a benefit. By voluntarily choosing to avail itself of the benefit, Press has accepted the condition of deposit.

Congress indubitably can place conditions on the grant of a statutory benefit. *Ruckelshaus v. Monsanto Co.*, 104 S. Ct. 2862, 2874-76 (1984)(not a taking when Congress requires Monsanto to disclose valuable research data in exchange for benefit of pesticide registration); *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966)(within scope of constitutional grant, Congress may set conditions for patentability); *Wheaton*, 33 U.S. at 663-66 (Congress may require deposit and

4. The phrase "divisible copyright" refers to the principle that any of the exclusive rights which make up a copyright, e.g., rights of reproduction, adaptation, publications, performance, and display, can be transferred and owned separately. *See* H.R. Rep. No. 1476, 94th Cong., 2d Sess. 123, *reprinted in* 1976 U.S. Code Cong. & Ad. News 5659, 5738-39; *see generally* 3 M. Nimmer, *Nimmer on Copyright* § § 10.01[B], 10.02 [A]-[C](1984).

registration as conditions to copyright). However, Press advances three arguments that the depost requirement is not a valid condition.

First, Press argues that cases validating conditions have addressed conditions related to the benefit sought, *see Graham,* 383 U.S. at 6, 17-19 (invention must be "nonobvious" to be patentable); *Wheaton,* 33 U.S. at 665 (deposit may serve to identify copyrighted material in case of later contest), and that in this case the condition is not related to the benefit sought, because the current deposit is not for copyright identification purposes, as in *Wheaton,* but for the use of the Library of Congress. *See Washingtonian,* 306 U.S. at 38-39, 41; *National Conference of Bar Examiners,* 692 F.2d at 486-87; 3 M. Nimmer, *Nimmer on Copyright* § 7.17[A], at 7-128 (1984).

In *Monsanto,* the Supreme Court established a less stringent test for a valid condition. That case involved a statutory provision that ten years after an applicant submits research data in support of a pesticide registration application, the EPA may use the data to evaluate other applicants' pesticides, and disclose the data, without the original applicant's permission and without compensation. Monsanto claimed that this was a taking without just compensation of its property interest in the data. The Court held that

> as long as Monsanto is aware of the conditions under which the data are submitted, and the conditions are rationally related to a legitimate government interest, a voluntary submission of data by an applicant in exchange for the economic advantages of a registration can hardly be called a taking.

Monsanto, 104 S. Ct. at 2876. All that the Court explicitly required was that the party be aware of the condition and that the condition be rationally related to a government interest. Under *Monsanto's* facts, however, the condition furthered not *any* government

interest, but a *related* government interest. Monsanto's marketing of pesticides was inherently related to the valid government interest in a safe environment, for which purpose Congress regulates pesticides. Requiring Monsanto to let others use its test results when registering their pesticides furthered this interest by facilitating the testing process. *Id.* at 2879-80.

The Copyright Clause grants copyright protection for the purpose of promoting the public interest in the arts and sciences. Conditioning copyrights on a contribution to the Library of Congress furthers this overall purpose.

Press' second contention is that under the 1976 revision, the deposit requirement by its own terms is no longer a condition of copyright, and therefore precedent on statutory conditions is inapplicable here. The revised statute states: "Neither the deposit requirements of this subsection nor the acquisition provisions of subsection (e) are conditions of copyright protection." 17 U.S.C. § 407(a)(1982). However, a complete reading of section 407 reveals that deposit is indeed still required of one obtaining a copyright, although protection of the copyright laws is not lost by failure to comply. The 1976 amendment merely changes the method by which the deposit requirement is enforced.

The previous law obligated the owner of a copyright, after publication, to deposit two copies with the Library. If the owner chose not to do so, the copyright was forfeit. The new law has taken away that choice about deposit. Once publication with copyright notice has occurred, the owner *must* deposit. If he does not, rather than allow forfeiture, the Register of Copyrights may force him to "deposit" by suing him for the price of the work and then purchasing it. Thus precedent on statutory conditions is applicable.

Press' third argument is that a line of Supreme Court patent cases prohibits requiring deposit of copyright materials as an unconstitutional taking with-

out just compensation. *See United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 189 (1933)(United States had right to use patented invention created by federal employee at work, but not right to assignment of patent itself); *Belknap v. Schild*, 161 U.S. 10, 15-16 (1896)(United States had no sovereign right to use patented device, but as sovereign could not be sued without consent); *James v. Campbell*, 104 U.S. 356, 357-58 (1881)(United States cannot appropriate patented devices, but device in this case nonpatentable). In *James*, for example, the holder of a patent in a stamping machine sued a United States postmaster, alleging that he was unlawfully using the machine without paying the patent fee. The Court, noting the contrary English rule, unequivocally stated that the United States Consitution did not grant our government the prerogative to reserve to itself the free use of patented devices. *James*, 104 U.S. at 357-58. The Court mentions authors as well as inventors in a way which indicates that this principle applies equally to copyrights and patents. *Id.* at 358.

The cases cited, however, are distinguishable from the case at bar in two important ways. First, in none of these cases did the government act pursuant to any statutory scheme making government use a condition of patentability. Second, the government was not acting as a sovereign to further the public welfare by promoting arts and sciences; instead it appropriated the patented device for a proprietary purpose. *See Dubilier*, 289 U.S. at 183-85 (government sought use of radio apparatus); *Belknap*, 161 U.S. at 24-25 (government used caisson gate in navy drydock yard); *James*, 104 U.S. at 357 (United States postmaster used stamping machine to postmark letters). In contrast, the deposit requirement here directly furthers the purpose of promoting arts and sciences by adding to the collection of our national library. The *James* line of cases is therefore not controlling here.

C. First Amendment Issues

Press argues that the deposit requirement violates the first amendment because it burdens material protected by the first amendment. Press attempts to characterize deposit as an invidious tax on first amendment protected works. *See Minneapolis Star & Tribune Co. v. Minnesota Commissioner of Revenue,* 460 U.S. 575, 581-85 (1983)(invalidating special use tax on paper and ink affecting only large newspapers). Press ignores the fact that the deposit requirement does not burden the first amendment concerns of expression and dissemination of ideas. *Cf. Citizen Publishing Co. v. United States,* 394 U.S. 131, 139-40 (1969)(first amendment not a defense, nor an issue, in antitrust action brought against newspapers: "Neither news gathering nor news dissemination is being regulated by the present decree."). Deposit is not triggered by the publication of ideas. It comes into play only if the publisher voluntarily seeks the statutory benefit of copyright. The first amendment does not protect the right to copyright, and therefore a condition placed on copyright protection does not implicate first amendment rights.[5]

D. Conclusion

We conclude that the deposit requirement is constitutional and affirm the award of summary judgment.

AFFIRMED.

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5. This assumes, of course, that the condition itself does not trigger first amendment concerns, e.g., a condition that to be copyrightable a work may not criticize the government. Such a condition might be invalid because, while the first amendment does not protect the right to copyright, the act of copyrighting is not a waiver of first amendment rights. *See* 1 M. Nimmer, *Nimmer on Copyright § 1.10[A](1984); cf. FCC v. League of Women Voters,* 104 S. Ct. 3106, 3118-27 (1984)(acceptance of federal funding does not give government right to prohibit editorials by public broadcaster); *Consolidated Edison Co. v. Public Service Commission,* 447 U.S. 530, 534 n.1 (1980)(utility's status as government regulated monopoly does not preclude its assertion of first amendment rights).

Supreme Court, U.S.
FILED
DEC 4 1985
JOSEPH F. SPANIOL,
CLERK

No. 85-645

IN THE

Supreme Court of the United States

October Term 1985

LAW & TECHNOLOGY PRESS,

Petitioner,

vs.

DAVID L. LADD, REGISTER OF COPYRIGHTS,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SUPPLEMENTAL APPENDIX TO PETITION FOR WRIT OF CERTIORARI

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Law & Technology Press

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UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

DAVID L. LADD,
Register of Copyrights,
United States Copyright Office,

Plaintiff,

v.

LAW & TECHNOLOGY PRESS
1112 Ocean Drive #201
Manhattan Beach, California 90266

Defendant.

PLAINTIFF'S STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW

FILED
FEB 27, 1984

PLAINTIFF'S REQUESTED FINDINGS OF FACT

1. This is an action under 17 U.S.C. § 407(d) (1976) to recover penalties for the failure of defendant, Law & Technology Press, to deposit two copies of the best edition of nine issues of *The Scott Report* within three months after it received a written demand for such deposit from the Register of Copyrights. This court has jurisdiction under 28 U.S.C. § 1345 and 17 U.S.C. § 407.

2. Plaintiff is David L. Ladd, Register of Copyrights, United States Copyright Office. The Copyright Office is an agency of the Library of Congress.

3. Defendant, Law & Technology Press, is a California corporation having an office at 1112 Ocean Drive #201, Manhattan Beach, California 90266.

4. Law & Technology Press is the owner of copyright in a periodical entitled *The Scott Report*. Law & Technology Press published nine (9) issues of *The Scott Report* in the United States from January 1982 through September 1982. Each of these issues bore copyright notice.

5. On October 20, 1982, the Register of Copyrights sent a written demand to Law & Technology Press demanding deposit of two copies of the best edition of the January 1982-September 1982 issues of *The Scott Report*. Follow-up letters indicating that the demand had not been complied with were sent on January 17, 1983 and March 1, 1983.

6. In a letter dated January 31, 1983, defendant acknowledged receipt of the written demand but stated that it would not comply.

7. To date, defendant Law & Technology Press has failed to deposit two copies of the nine issues of *The Scott Report* demanded by plaintiff.

8. According to a letter from defendant dated January 31, 1983, the subscription price for *The Scott Report* is $147.00 per year. Prorating this for nine issues yields $110.25 as the reasonable cost to the Library of Congress of acquiring one copy of the nine issues.

9. As a result of its failure to comply with the demand of the Register of Copyrights, defendant Law & Technology is liable to the following penalties:

Reasonable acquisition cost of two copies of the Jan. Sept. 1982 issues	$ 220.50
A fine of $250 for each of nine issues not deposited	$2250.00
	$2470.50

CONCLUSIONS OF LAW

1. Defendant Law & Technology Press is liable for failure to comply with the demand for deposit issued by the Register pursuant to 17 U.S.C. § 407 (d).

2. Defendant's claim that 17 U.S.C. § 407 is an unconstitutional taking of property in violation of the Fifth Amendment has no merit.

3. The requirement that a copyright owner deposit copies of its work with the Government after publication has existed for over two hundred years, entitling it to a great presumption of validity.

4. The deposit requirement was first enacted as part of the original Copyright Act of 1790 by the same men who framed the Constitution and the same Congress which proposed the first and fifth amendments for adoption. This provides a strong indication that the deposit requirement is not unconstitutional.

5. The present deposit requirement, contained in 17 U.S.C. § 407, is a valid exercise of Congress' plenary power to enact legislation relating to the grant of copyrights.

6. Defendant has failed to allege sufficient facts to show selective prosecution.

7. Since defendant Law & Technology Press has failed to establish that 17 U.S.C. § 407 is unconstitutional, it is liable for the cost of the demanded copies, plus a fine of $250 for each work demanded.

8. Judgment is hereby entered in favor of David L. Ladd, Register of Copyrights, and against Law & Technology Press for the sum of $2,470.50 plus costs and interest. Judgment is further entered in favor of plaintiff on defendant's counterclaims.

Approved: Terry J. Hatter
U.S. District Judge
2/27/85

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

DAVID L. LADD,
Register of Copyrights,
United States Copyright Office,

Plaintiff,

v.

LAW & TECHNOLOGY PRESS
1112 Ocean Drive #201
Manhattan Beach, California 90266

Defendant.

No. CV 83-6855 TJH(Tx)
JUDGMENT

FILED
FEB 27, 1984

Plaintiff Ladd's Motion For Summary Judgment having come before this Court for a hearing on February 27, 1984, and upon consideration of the memoranda and arguments presented by counsel for the parties, it is hereby

ORDERED, that judgment is entered for plaintiff David L. Ladd against defendant Law & Technology Press in the amount of $2,470.50 plus costs, with interest to be paid thereon from the date of entry of this judgment as provided by 28 U.S.C. § 1961 (1982).

IT IS FURTHER ORDERED, that judgment is entered for plaintiff on defendant's First, Second and Third counterclaims.

Date: 2/27/84

Hon. Terry J. Hatter, Jr.
United States District Court

No. 85-645

(3)

Supreme Court, U.S.
FILED
DEC 20 1985
JOSEPH F. SPANIOL, JR.
CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1985

LAW & TECHNOLOGY PRESS, PETITIONER

v.

RALPH OMAN, REGISTER OF COPYRIGHTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

MEMORANDUM FOR THE RESPONDENT IN OPPOSITION

CHARLES FRIED
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Department of Justice
Washington, D.C. 20530
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In the Supreme Court of the United States

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LAW & TECHNOLOGY PRESS, PETITIONER

v.

RALPH OMAN, REGISTER OF COPYRIGHTS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

MEMORANDUM FOR THE RESPONDENT IN OPPOSITION

Petitioner contends that the deposit requirement of Section 101 of the Copyright Act of 1976, 17 U.S.C. 407, is unconstitutional.

1. Section 101 of the Copyright Act of 1976, 17 U.S.C. 407, provides that "the owner of copyright * * * in a work published with notice of copyright in the United States shall deposit, within three months after the date of such publication * * * two complete copies" with the Copyright Office for use or disposition by the Library of Congress. Failure to deposit the work does not invalidate the copyright. 17 U.S.C. 407(a). However, it does subject the owner of the

copyright to a penalty of $250 plus the retail purchase cost of the undeposited copies. 17 U.S.C. 407(d).

Petitioner owns the copyright to *The Scott Report*, a periodical dealing with issues affecting the computer industry. In 1982, petitioner published nine issues of the periodical, each bearing a copyright notice. Petitioner failed, however, to comply with Section 407's deposit requirement. On October 20, 1982, the Register of Copyrights (Register) demanded that petitioner submit two copies of each issue to the Copyright Office. See 17 U.S.C. 407(d). Petitioner refused, contending that the deposit requirement was unconstitutional, and instead suggested that the Library of Congress acquire the needed issues by taking out a paid subscription to the periodical. Pet. App. A6-A7; Pet. Supp. App. SA1-SA2.

The Register then filed suit in the United States District Court for the Central District of California to recover the statutory penalties for failure to deposit. Petitioner admitted its failure to comply with the deposit requirement but asserted that the statute was facially unconstitutional. Petitioner also argued that the Register impermissibly employed selective prosecution in enforcing the deposit requirement. The district court rejected these arguments and granted summary judgment for the Register. Pet. Supp. App. SA1-SA4.

Petitioner appealed and elaborated upon its constitutional arguments. In particular, petitioner contended that the Constitution's Copyright Clause [1] does

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[1] The Copyright Clause provides that Congress shall have power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. I, § 8, Cl. 8.

not authorize Congress to impose a deposit requirement, that the deposit requirement results in a taking of private property for public use in violation of the Fifth Amendment, and that the deposit requirement curtails free expression in violation of the First Amendment. The court of appeals rejected each of those contentions (Pet. App. A6-A15). First, it noted that the Copyright Clause empowers Congress to employ copyrights to promote the arts and sciences. It concluded that the imposition of a deposit requirement for copyrighted works is a "necessary and proper" incident of that power (*id.* at A8-A10). Next, it determined that the deposit requirement does not constitute an unconstitutional taking of property. It found, instead, that the deposit requirement is a valid condition on the statutory benefit of copyright (*id.* at A10-A14). Finally, it rejected petitioner's First Amendment contentions, observing that the deposit requirement does not burden free expression (*id.* at A15).

2. The court of appeals' decision is correct, is consistent with this Court's previous decisions, and does not conflict with any decision of another court of appeals. This case does not warrant further review.

a. There is no serious question that the Copyright Clause permits Congress to impose a deposit requirement on copyrighted works. Indeed, Congress has imposed a deposit requirement on owners of copyrights since the original Copyright Act of 1790. See Act of May 31, 1790, ch. 15, §§ 3-4, 1 Stat. 125. That requirement has remained a fixture of American copyright law for nearly 200 years.[2] The current de-

[2] See, *e.g.*, Act of Mar. 4, 1909, ch. 320, § 12, 35 Stat. 1078; Act of Mar. 3, 1891, ch. 565, § 3, 26 Stat. 1107; Act of July 8, 1870, ch. 230, § 85, 16 Stat. 212. See also *Washingtonian Pub-*

posit requirement differs from its predecessors in only one significant respect: failure to comply with the requirement results in a limited monetary penalty rather than in a complete loss of copyright protection. See 17 U.S.C. 407 note.[3]

As this Court has stated, "it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product." *Sony Corp.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429-430 (1984). Congress, of course, has necessarily broad latitude in exercising that authority. See *Graham* v. *John Deere Co.*, 383 U.S. 1, 6 (1966); see also, *e.g.*, *M'Culloch* v. *Maryland*, 17 U.S. (4 Wheat.) 316 (1819). Congress has determined that the underlying purpose of the Clause—promoting the arts and sciences for the general public good[4]—is advanced by requiring authors and artists who publish their work with notice of copyright to provide copies to the Library of Congress. This requirement provides the public with access to copyrighted materials while imposing a de minimis burden on those who realize the financial ben-

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lishing Co. v. *Pearson*, 306 U.S. 30, 44 & n.4 (1939) (Black, J., dissenting).

[3] Petitioner incorrectly asserts (Pet. 5) that 17 U.S.C. 407 imposes a "new and unprecedented *library* deposit requirement." Actually, as the court of appeals noted (Pet. App. A10), copyright deposits have been entrusted to the Library of Congress for its use and benefit since 1846. See Act of Aug. 10, 1846, ch. 178, § 10, 9 Stat. 106. See also *Washingtonian Publishing Co.* v. *Pearson*, 306 U.S. 30, 36-41 (1939); *id.* at 48-51 (Black, J., dissenting).

[4] See, *e.g.*, *Sony*, 464 U.S. at 428-429; *Twentieth Century Music Corp.* v. *Aiken*, 422 U.S. 151, 156 (1975).

efits of copyright. It plainly represents a reasonable exercise of Congress's constitutional prerogatives.[5]

b. Petitioner's contention that Section 407's deposit requirement represents an unconstitutional taking is insubstantial. Congress, in establishing a system of copyrights, can specify the terms and conditions that attach to the grant of copyright protection. See *Sony*, 464 U.S. at 429-430; *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339, 346 (1908); *Wheaton* v. *Peters*, 33 U.S. (8 Pet.) 591, 660-661 (1834). Congress has determined that those who seek the benefits of copyright protection must comply with a deposit requirement. The deposit requirement, imposing a minor regulatory burden on copyright owners, does not amount to a taking of private property. Instead, it is simply a valid condition upon the grant of a statutory benefit. See *Ruckelshaus* v. *Monsanto Co.*, No. 83-196 (June 26, 1984), slip op. 16-19.

Contrary to petitioner's assertions (Pet. 11-13), when an owner of a copyright publishes his work with

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[5] As Justice Black noted, the deposit requirement represents, in part, Congress's intention "to preserve 'desirable or useful' works in a governmental agency dedicated to the diffusion of public knowledge." *Washingtonian Publishing Co.*, 306 U.S. at 49 (footnote omitted) (Black, J., dissenting). This purpose has been recognized since the original Copyright Act of 1790, which required, in addition to the general deposit requirement (§ 3, 1 Stat. 125), that a copy of a work be delivered to the Secretary of State "to be preserved in his office" (§ 4, 1 Stat. 125). See *Washingtonian Publishing Co.*, 306 U.S. at 50 (Black, J., dissenting). The courts are obligated to give great deference to congressional judgment in continuing the long established deposit requirement. See *Walters* v. *National Association of Radiation Survivors*, No. 84-571 (June 28, 1985), slip op. 13-14.

notice of copyright he invokes the protection of the copyright laws. Under the Copyright Act, a copyright attaches to an original work of authorship once it is fixed in a tangible medium of expression. See 17 U.S.C. 102. Nonetheless, if an owner wishes to maintain copyright protection of a published work, he must affix a copyright notice to each copy. See 17 U.S.C. 401.[6] Thus, by publishing a work with notice of copyright, an owner voluntarily engages the statutory mechanism for preserving copyright protection.

The Copyright Act provides, quite reasonably, that one who seeks to protect a copyrighted work through notice of copyright must comply with the deposit requirement. See 17 U.S.C. 407 & note. As previously discussed, the deposit requirement is a familiar fixture of American copyright law that advances the government's legitimate interest in promoting the arts and sciences. It does not constitute a "taking"; instead, it represents a minor imposition upon those who seek the substantial financial benefits of copyright protection. As the court of appeals explained (Pet. App. A12-A14), one who voluntarily participates in a statutory scheme specifically designed to protect legislatively conferred rights can be required to comply with accompanying conditions of that scheme. See *Ruckelshaus* v. *Monsanto Co.*, slip op. 16-19. Petitioner, by choice, enjoys the economic advantages of copyright protection; it must, in exchange,

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[6] If an owner fails to comply with the notice requirement, he can cure the omission by registering the copyright and making reasonable efforts to add a copyright notice to publicly distributed copies. 17 U.S.C. 405. See, *e.g.*, *Werlin* v. *Reader's Digest Association, Inc.*, 528 F. Supp. 451, 460-461 (S.D.N.Y. 1981).

comply with the de minimis burdens of the deposit requirement.[7]

c. Petitioner argues (Pet. 18-21) that the deposit requirement violates his First Amendment rights. That claim is meritless. As previously discussed, the Copyright Clause authorizes Congress to enact legislation governing copyright and permits imposition of the deposit requirement. Furthermore, the deposit requirement does not burden the expression and dissemination of ideas; it simply imposes a minor regulatory requirement upon copyright owners who publish works with notice of copyright and voluntarily claim the statutory benefits of copyright protection. Finally, this Court has cited with approval federal district court decisions holding that federal copyright law does not restrain the use of an idea or concept within the meaning of the First Amendment. *Zacchini* v. *Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 577 n.13 (1977).

It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

CHARLES FRIED
Solicitor General

DECEMBER 1985

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[7] Petitioner contends (Pet. 15-18) that the deposit requirement interferes with its exclusive right of distribution, citing *Belknap* v. *Schild*, 161 U.S. 10 (1896), and *James* v. *Campbell*, 104 U.S. 356 (1881). As the court of appeals correctly noted (Pet. App. A13), those cases are inapposite. They involve patent infringement actions in which government agents used patented devices for the same purposes that private parties would use the devices. Here, Congress has imposed the deposit requirement as a condition of copyright protection, and as an incident of its power under the Copyright Clause to promote progress in the sciences and useful arts.

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